

APR 22 1998

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Federal Communications Commission
Office of Secretary

April 22, 1998

BY HAND

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

96-45

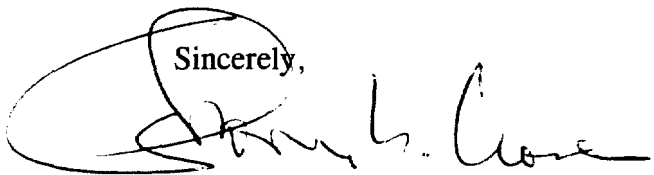
Re: Petition of GatewayUSA®Holding Company, Inc.,
Cosmos Telecom Marketing, Inc. and Sitel, Inc.

Dear Ms. Salas:

On behalf of our clients, please find enclosed an original and five copies of a Petition for Partial Waiver or, in the Alternative, Clarification of GatewayUSA®Holding Company, Inc., Cosmos Telecom Marketing, Inc. and Sitel, Inc. with respect to Universal Service contribution requirements contained in Section 54.703 of the Commission's Rules, 47 C.F.R. § 54.703 (1997).

Please acknowledge receipt of this filing by file-stamping and returning the extra copy provided for this purpose. All communications regarding this filing should be directed to the undersigned.

Sincerely,



Thomas K. Crowe,
Counsel for GatewayUSA®Holding
Company, Inc., Cosmos Telecom
Marketing Inc. and Sitel, Inc.

Enclosure

cc: All Commissioners
A. Richard Metzger, CCB
Linda Armstrong, CCB
Sheryl Todd, CCB
Lisa Gelb, CCB
Melissa Waksman, CCB

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Federal Communications Commission
Office of Secretary

In the Matter of)
)
GATEWAYUSA®HOLDING COMPANY INC.,)
COSMOS TELECOM MARKETING, INC.)
AND SITEL, INC.)
)
Petition for Partial Waiver or,)
Alternatively, Clarification of)
Section 54.703 of the Commission's Rules)

File No. _____

PETITION FOR PARTIAL WAIVER OR, ALTERNATIVELY,
CLARIFICATION OF GATEWAYUSA®HOLDING COMPANY INC.,
COSMOS TELECOM MARKETING, INC. AND SITEL, INC.

Thomas K. Crowe,
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HOLDING COMPANY INC.,
COSMOS TELECOM MARKETING,
INC. AND SITEL, INC.

April 22, 1998

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SUMMARY OF PETITION

In the instant Petition, the Gateway Affiliates request that the Commission partially waive Section 54.703 of its Rules to allow the companies to exclude from their Universal Service contribution bases revenues derived from foreign originating and U.S. terminating services. In the alternative, the Gateway Affiliates request that the Commission clarify that its Rules allow carriers to exclude from their contribution bases foreign billed revenues derived from foreign originating and U.S. terminating communications. The relief requested is necessary to eradicate the significant competitive advantage which the Universal Service program currently extends to foreign carriers at the expense of domestic U.S. carriers.

As shown below, the Gateway Affiliates' unique circumstances justify a partial waiver of Section 54.703. In its recent Report to Congress, the Commission acknowledged that "there may be situations in which competing public interest reasons compel us to conclude that certain providers of interstate telecommunications that benefit from access to the PSTN should not contribute..." Under Section 54.703 of the Commission's Rules, the Gateway Affiliates' total 1998 Universal Service liability will be more than three times their total 1997 interstate revenues combined. Further, Section 54.703 places the Gateway Affiliates at a competitive disadvantage by unfairly exempting their foreign competitors from contributing to Universal Service.

A partial waiver of Section 54.703 of the Commission's Rules will also serve the public interest by eliminating the inequitable and discriminatory application of the Universal Service contribution requirements to the Gateway Affiliates consistent with the mandates of the 1996 Act. Grant of the instant request would further promote effective domestic and international competition, consistent with long-standing Commission policy.

Yet, should the Commission find a grant of the requested waiver unjustified, the Commission should alternatively clarify that Section 54.703 of its rules allows carriers to exclude from their contribution bases foreign billed revenues derived from communications which originate in foreign points and terminate in the U.S.

This interpretation reduces the inequitable and discriminatory application of Section 54.703 to callback operators, consistent with the mandates of the Telecommunications Act of 1996. Further, it enables U.S. carriers, such as the Gateway Affiliates, to compete with foreign carriers in the international marketplace on a level playing field. In addition, this clarification encourages foreign competitive entry into the U.S. market, consistent with long-standing Commission policy.

Under both the waiver request and alternative clarification sought in the Petition, the Gateway Affiliates would still be required to contribute to Universal Service based on their domestic interstate revenues as well as U.S. originating international revenues.

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GATEWAYUSA®HOLDING COMPANY INC.,)
COSMOS TELECOM MARKETING, INC.) File No. _____
AND SITEL, INC.)
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Petition for Partial Waiver or,)
Alternatively, Clarification of)
Section 54.703 of the Commission's Rules)

**PETITION FOR PARTIAL WAIVER OR, ALTERNATIVELY,
CLARIFICATION OF GATEWAYUSA®HOLDING COMPANY INC.,
COSMOS TELECOM MARKETING, INC. AND SITEL, INC.**

GatewayUSA®Holding Company Inc., Cosmos Telecom Marketing, Inc. and Sitel, Inc. ("Gateway Affiliates"), by their attorney and pursuant to Section 1.3 of the Commission's Rules, 47 C.F.R. § 1.3 (1997), request the Commission to partially waive Section 54.703 of its Rules, 47 C.F.R. § 54.703 (1997), retroactive to January 1, 1998, to allow the Gateway Affiliates to exclude from their Universal Service contribution bases revenues derived from providing services which originate in foreign points and terminate in the U.S. or, alternatively, clarify that Section 54.703 of the Commission's Rules allows carriers to exclude from their contribution base foreign-billed revenues derived from communications which originate in foreign points and terminate in the U.S.¹ If either of these requests were to be granted, the Gateway Affiliates

¹ The instant petition requests essentially the same relief as the petition filed by Microdevices Worldwide Inc. with the Commission on March 26, 1998. See In Re Microdevices Worldwide Inc., Petition for Partial Waiver, or in the Alternative, Clarification of Universal Service Contribution Requirements Contained in Section 54.703 of the Commission's Rules (March 26, 1998). That petition has not, as of this date, been placed on public notice by the Commission.

would include in their Universal Service contribution bases both domestic interstate revenues and U.S. originating international revenues.

I. INTRODUCTION

Section 54.703 of the Commission's Rules requires all carriers which provide interstate services, however minimal, to contribute to the Universal Service fund based on their intrastate, interstate and international revenues.² However, in adopting this rule, the Commission recognized that providers of international services will be treated differently from others" and that it ideally would prefer a "more competitively neutral outcome."³ Further, the Commission stated that should it become aware of any significant competitive concerns in the future it would revisit this issue.⁴ As demonstrated below, in view of the substantial impact this rule has on the Gateway Affiliates and the international marketplace in general, the Commission should immediately re-examine the issue.

The Gateway Affiliates, each commonly owned by Gateway Worldwide Communications, Inc., provide authorized international callback services.⁵ International callback services have been found to further the public interest by promoting competition in international markets,

² 47 C.F.R. § 54.703 (1997).

³ In Re Federal-State Joint Board on Universal Service, Report and Order, 12 FCC Rcd 8776, ¶ 779 (1997) (appeal pending) ("Report and Order").

⁴ Id.

⁵ See Overseas Common Carrier Section 214 Applications Taken, Public Notice, ITC-97-258 (June 27, 1997); Overseas Common Carrier Section 214 Applications Taken, Public Notice, ITC-95-335 (July 12, 1995); and Overseas Common Carrier Section 214 Applications Taken, Public Notice, ITC-93-315 (Nov. 3, 1993).

reducing settlement rates and driving down international telephone prices.⁶

Although the Gateway Affiliates carry incidental and limited domestic traffic,⁷ almost all of their traffic is international or foreign in nature.⁸ Even so, Section 54.703 of the Commission's Rules requires the Gateway Affiliates to contribute to the Universal Service fund based on both their limited interstate and comparatively greater international revenues. However, the companies' main competitors, foreign service providers without any U.S. interstate traffic, are altogether exempt from contributing to the Universal Service fund. As such, Section 54.703 competitively disadvantages the Gateway Affiliates and similarly situated U.S. companies while competitively favoring their foreign competitors. Thus, current application of Section 54.703 of the Commission's Rules produces results clearly inconsistent with the Telecommunications Act of 1996⁹ as well as the Commission's own policies.

⁶ See In Re VIA USA, Ltd. TELEGROUP, INC. Applications for Authority Under Section 214 of the Communications Act of 1934, as amended, to Operate as International Resale Carriers; DISCOUNT CALL INTERNATIONAL CO. Application for Authority under Section 214 of the Communications Act of 1934, as amended, Order on Reconsideration, 10 FCC Rcd 9540, ¶ 1 (1995) ("VIA USA Order"). In its recent Report to Congress, the Commission stated that "alternative calling mechanisms are an important pro-competitive force in the international marketplace." In Re Federal-State Joint Board on Universal Service, Report to Congress in CC Docket 96-45, FCC 98-67, ¶ 93 (April 10, 1998) ("Report to Congress").

⁷ Approximately .3% of the Gateway Affiliates' combined revenues for 1997 are derived from interstate services. Such limited interstate traffic is almost always generated by foreign customers travelling in the U.S. and billed to a foreign address.

⁸ Over 95% of total revenues for all three companies are derived from calls which originate outside of the U.S.

⁹ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56-161 (1996)(codified at 47 U.S.C. §§ 151-710 (1996))("1996 Act").

II. A PARTIAL WAIVER OF SECTION 54.703 IS JUSTIFIED

Section 1.3 of the Commission's Rules allows the Commission to waive any provision of its rules upon a showing of "good cause."¹⁰ To obtain such a waiver, a petitioner need only demonstrate that its particular facts warrant deviation from the general rule and that a waiver is in the public interest.¹¹ As the Commission is aware, a general rule does not further the public interest if extended to a petitioner whose special circumstances produce results which undermine the policy served by the rule.¹² As such, the Commission is obligated to pursue the public interest in promulgating rules of general application, as well as in particular, individualized cases.¹³ As shown below, the Gateway Affiliates' unique circumstances clearly meet the standard for waiver.

A. The Gateway Affiliates' Circumstances are Clearly Unique

The Gateway Affiliates' unique circumstances justify a grant of the instant partial waiver request. The Gateway Affiliates only provide limited and incidental domestic interstate services. In fact, less than one percent of each of the Gateway Affiliates' yearly revenues are derived from the provision of interstate services. Furthermore, almost all of the Gateway Affiliates' traffic originates in foreign countries. Nevertheless, because of the limited interstate services, Section 54.703 of the Commission's Rules automatically requires the Gateway Affiliates to

¹⁰ 47 C.F.R. § 1.3 (1997).

¹¹ See Northeast Cellular v. FCC, 897 F.2d 1164 (D.C. Cir. 1990); and WAIT Radio v. FCC, 418 F.2d 1153 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972) ("WAIT Radio").

¹² WAIT Radio at 1157.

¹³ Id. (stating that an agency's discretion to proceed through general rules is intimately linked to the existence of a safety valve procedure for consideration of waiver requests based on special circumstances).

contribute to the Universal Service fund based on both their interstate and international revenues.

Absent the requested partial waiver, the Gateway Affiliates' combined Universal Service tax will actually be greater than all of their 1997 interstate revenues combined.¹⁴ The Gateway Affiliates' combined 1997 interstate revenues were \$85,572.00. The Gateway Affiliates estimate that their combined 1998 Universal Service liability (determined using 1997 revenues) will be \$301,339.00, or *more than three times* their combined 1997 interstate revenues.¹⁵ The Commission clearly did not intend such an inequitable and irrational outcome.

Section 54.703 also imposes severe economic hardship on the companies by unfairly exempting the Gateway Affiliates' competitors from the contribution requirements. Due to the nature of callback service, the Gateway Affiliates' competitors are foreign carriers which generally do not provide any U.S. interstate telecommunications services. As such, those competitors are not required to contribute to Universal Service.¹⁶ Thus, Section 54.703 of the Commission's Rules places the Gateway Affiliates at a competitive disadvantage *vis-a-vis* their foreign competitors. In its Report to Congress, the Commission recognizes that "[p]roviders of purely international telecommunications compete against carriers that provide interstate as well as international telecommunications services, and, thus, benefit competitively by incurring no

¹⁴ See First Quarter 1998 Universal Service Contribution Factors Revised and Approved, CC Docket No. 96-45, DA 97-2623, Public Notice (December 16, 1998). All three companies filed their Universal Service Worksheets with the Universal Service Administrative Company ("USAC") on August 29, 1997, and filed revised Worksheets on March 10, 1998.

¹⁵ This estimate was calculated by multiplying each of the companies' January USAC payments based on revised worksheets by twelve.

¹⁶ Report and Order at ¶ 779. Despite this, both the Gateway Affiliates and their foreign competitors are fundamentally similar insofar as both primarily serve foreign end users.

universal service contribution obligation."¹⁷ In addition, former Commissioner Chong contemplated such a result and for that reason, dissented from the portion of the Report and Order which adopted Section 54.703 of the Commission's Rules.¹⁸ Commissioner Chong reasoned that once foreign carriers began competing directly with U.S. companies, the Universal Service contribution requirements would "place U.S. carriers at a very real competitive disadvantage."¹⁹ In fact, the contribution requirements clearly place the Gateway Affiliates at such a competitive disadvantage.

The Universal Service assessment substantially impacts the Gateway Affiliates' ability to compete for customer accounts in the overseas marketplace. Because foreign carriers are exempt from the Universal Service tax, the Gateway Affiliates are unable to flow through the Universal Service charge to foreign end users without losing their competitive advantage to foreign carriers. Unlike customers in the U.S. who will inevitably incur flow throughs of the Universal Service assessments, overseas customers will simply elect to take service from a foreign competitor not subject to the contribution requirement. As global telecommunications competition takes hold and overseas telecommunications regulatory authorities adopt new deregulatory policies, it becomes more difficult for callback providers to compete with foreign carriers. In this increasingly competitive environment, application of Section 54.703 to callback providers could severely hamper the callback industry despite the Commission's findings that

¹⁷ Report to Congress at ¶ 128.

¹⁸ Report and Order at Separate Statement of Commissioner Rachelle B. Chong, Concurring in Part, Dissenting in Part, at 3.

¹⁹ Id.

callback is in the public interest.²⁰ The Commission could not have intended the application of Section 54.703 to have such inequitable and discriminatory effects.

Finally, a grant of this limited waiver will not harm other parties. It appears few carriers face the anomalous circumstance where their Universal Service assessments will substantially exceed their combined interstate revenues.²¹ Additionally, the Gateway Affiliates only request to exclude revenues derived from foreign originating services from their contribution base. Because U.S. carriers typically do not provide services which originate in foreign points, they would not be disadvantaged by a grant of the instant waiver request. Furthermore, a grant of the limited waiver will not discernably impact the Universal Service fund.²²

B. A Partial Waiver is in the Public Interest

A partial waiver of Section 54.703 of the Commission's Rules will serve the public interest. As shown below, a grant of the instant waiver will conform the Gateway Affiliates' contributions with Section 254(d) of the 1996 Act as well as the Commission's own Principle of Competitive Neutrality and long-standing pro-competitive policies. In fact, the Commission recently acknowledged that "there may be situations in which competing public interest reasons compel us to conclude that certain providers of interstate telecommunications that benefit from

²⁰ See supra at n.6.

²¹ Only six parties commented on a similar waiver request filed by COMSAT on January 9, 1998, of which one other than the Gateway Affiliates stated that its Universal Service tax bill will substantially exceed its interstate revenues. See In Re COMSAT Corporation, Petition for Partial Waiver of Universal Service Contribution Requirement Contained in Section 54.703 of the Commission's Rules (Jan. 9, 1998).

²² The Gateway Affiliates' combined contributions are about .0075% of projected total contributions.

access to the PSTN should not contribute..."²³

According to Section 254(d) of the 1996 Act, contributions to the Universal Service fund are to be made "*on an equitable and nondiscriminatory basis*."²⁴ However, Section 54.703 of the Commission's Rules requires the Gateway Affiliates to base their universal service contributions on both domestic and international revenues, even though they provide limited and ancillary interstate services. Application of the contribution requirements to the Gateway Affiliates cannot be "equitable" because it ignores the enormous disparity between the Gateway Affiliates' Universal Service fund liability and their limited interstate revenues.²⁵ Further, their competitors, foreign carriers, are unfairly exempt from universal service assessments altogether, affording such companies a significant competitive advantage.²⁶ Clearly, where the contribution requirements apply to the Gateway Affiliates but not to their foreign competitors, such contributions are not made on an "equitable and non-discriminatory basis" in accordance

²³ Report to Congress at ¶ 135.

²⁴ 47 U.S.C. § 254(d) (1996)(emphasis added).

²⁵ See supra at 5.

²⁶ Report and Order at ¶ 779. Although they are not required to contribute to the Universal Service fund, foreign carriers which terminate calls in the U.S. and do not provide interstate services benefit from the PSTN to the same extent as the Gateway Affiliates. The Commission even recognizes this in its Report and Order. Id.

with Section 254(d) of the 1996 Act.²⁷ A partial waiver would produce more equitable results and remove this discrepancy in the application of Section 254(d).

Application of Section 54.703 of the Commission's Rules to the Gateway Affiliates is also inconsistent with the Commission's Principle of Competitive Neutrality. The Principle of Competitive Neutrality was established by the Commission as one of six principles upon which its Universal Service program would be based. According to the Commission, "competitive neutrality means that universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another..."²⁸ Yet, as discussed above, Section 54.703 is anything but competitively neutral.

In its Report to Congress, the Commission stated that "competitive neutrality concerns warrant refraining from imposing contribution requirements on certain providers..."²⁹ It further acknowledged that "to the extent possible, carriers with universal service contribution obligations should not be at a competitive disadvantage in relation to providers on the basis that they do not have such obligations."³⁰ Because the Gateway Affiliates are required to contribute on interstate and international revenues while their competitors are completely exempted from

²⁷ Commissioner Furchtgott-Roth recently commented on the discriminatory application of Section 54.703 of the Commission's Rules to certain carriers. See Statement of Commissioner Harold Furchtgott-Roth Regarding the Second Quarter 1998 Universal Service Contribution Factors, FCC News, March 20, 1998, at 5 (stating that the contribution requirements are discriminatory because purely intrastate service providers are entirely exempt from contributing to Universal Service where providers of interstate and intrastate service must contribute based on both interstate and intrastate revenues). Clearly, Commissioner Furchtgott-Roth's concerns regarding such discriminatory effects also apply to the instant circumstances.

²⁸ Report and Order at ¶¶ 43-48.

²⁹ Report to Congress at ¶ 136.

³⁰ Id. at ¶ 133.

contributing to Universal Service, Section 54.703 is clearly not competitively neutral, justifying the instant waiver request.³¹

Lastly, a grant of the instant waiver request also furthers the public interest by promoting effective competition. Private sector competition serves the public interest by dramatically lowering the cost of providing service and stimulating "creation of innovative services and investment in infrastructure deployment."³² Moreover, global competition delivers "tangible benefits to U.S. consumers, U.S. companies, and the world at large."³³ International callback services also promote the public interest by providing "increased competition in foreign markets which places significant downward pressure on foreign collection rates, to the ultimate benefit of U.S. consumers and industry whether located within the United States or abroad."³⁴

Yet, as discussed above, the Universal Service contribution requirements reduce the downward pressure on foreign collection rates and decrease competition in the international

³¹ Such a waiver is also consistent with the Fourth Order on Reconsideration in CC Docket No. 96-45, where the Commission exempted broadcasters from Section 54.703 of the Commission's Rules. The Commission held that such an exemption was justified because broadcasters' competitors--cable, OVS, and DBS providers--were not required to contribute and imposing on broadcasters, and not their competitors, Universal Service contribution requirements would put them at a competitive disadvantage. In Re Federal-State Joint Board on Universal Service, Fourth Order on Reconsideration in CC Docket No. 96-45, FCC 97-420, ¶ 283 (December 30, 1997). See also Report to Congress at ¶ 136.

³² In Re Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities, Report and Order and Order on Reconsideration in IB Docket Nos. 97-142 and 95-22, FCC 97-398, ¶ 1 (Nov. 26, 1997) ("WTO Order").

³³ Id. at ¶ 4; and In Re International Settlement Rates, Notice of Proposed Rulemaking, 12 FCC Rcd 6184, ¶ 10 (1996).

³⁴ VIA USA Order at ¶ 28. The Commission has acknowledged that callback providers have already put significant downward pressure on international settlement rates as well as domestic collection rates. WTO Order at ¶ 7.

marketplace by putting the Gateway Affiliates at a competitive disadvantage *vis-a-vis* their foreign carrier competitors. Thus, the Commission's long-standing policies of increasing competition and reducing international prices are undermined by the application of Section 54.703 to the Gateway Affiliates.

As such, the instant waiver request is justified. A refusal to grant the instant waiver request will render Section 54.703 of the Commission's Rules, as it applies to the Gateway Affiliates, inconsistent with both the 1996 Act as well as long-standing Commission policies.

III. IN THE ALTERNATIVE, SECTION 54.703 OF THE COMMISSION'S RULES SHOULD BE CLARIFIED

In the alternative, if the Commission finds that a partial waiver request is not justified, it should clarify that Section 54.703 of its Rules allows carriers to exclude from their Universal Service contribution base revenues derived from foreign billed services which originate in foreign points and terminate in the U.S. In paragraph 779 of the Report and Order, the Commission states, that:

Foreign communications are defined as a "communication or transmission from or to any place in the United States to or from a foreign country, or between a station in the United States and a mobile station located outside of the United States. Communications that are billed to *domestic end users* should be included in the revenue base, including country direct calls when provided between the United States and a foreign point.³⁵

The above quotation implies that communications billed to *foreign end users* can be excluded from a carrier's Universal Service contribution base. Yet, Section 54.703 of the Commission's Rules does not provide for an exclusion of foreign-billed communications revenues. The Gateway Affiliates request that the Commission clarify that Section 54.703 of its Rules allows

³⁵ Report and Order at ¶ 779 (emphasis added)(footnotes omitted).

carriers to exclude foreign billed revenues from their Universal Service contribution base for calls originating in foreign points and terminating in the U.S.

The requested clarification would reduce the discriminatory application of Section 54.703 between callback operators such as the Gateway Affiliates and their foreign carrier competitors. This interpretation would enable the Gateway Affiliates and foreign carriers to compete fairly and even-handedly for foreign accounts because neither would be assessed Universal Service taxes on revenues from foreign billed, foreign originated services. Most importantly, the significant competitive advantage which foreign carriers currently possess under U.S. law over U.S. carriers would be eliminated by the clarification.³⁶

The proposed clarification is fully consistent with Section 254(d) of the 1996 Act because providers of interstate telecommunications services would be required to contribute to Universal Service on an "equitable and nondiscriminatory basis". In addition, this interpretation would further the Commission's Principle of Competitive Neutrality as well as its pro-competitive policies, discussed supra.

Furthermore, the requested clarification encourages foreign carriers to enter the U.S. market, thereby enhancing competition. Currently, foreign carriers have a strong disincentive

³⁶ The instant clarification proposes to exclude from the contribution base only revenues from calls which both originate overseas and terminate in the U.S. and are foreign billed. In other words, interstate and U.S. originating international revenues would be included in a carrier's contribution base. This clarification ensures that all carriers continue to contribute to Universal Service for domestic interstate and U.S. originating international calls. Otherwise, if the Commission excludes all foreign billed revenues, foreign carriers providing domestic U.S. interstate and U.S. originating international services would not be required to contribute to Universal Service where customers have foreign billing addresses. Such an interpretation would put U.S. carriers at a competitive disadvantage *vis-a-vis* foreign carriers providing interstate services within the U.S.

to enter the U.S. market because any interstate U.S. traffic would trigger Universal Service tax liability on all of their international revenues which either originate or terminate in the U.S. As such, foreign carriers providing any interstate service will incur Universal Service liability on both their "interstate and international end user telecommunications revenues."³⁷ This disincentive flies in the face of Commission's findings that entry by foreign carriers into the U.S. market serves the public interest by increasing competition, promoting lower prices and increasing service quality to U.S. consumers.³⁸ Thus, clarifying Section 54.703 as the Gateway Affiliates request would encourage foreign competitive entry into the U.S. market consistent with Commission policy.

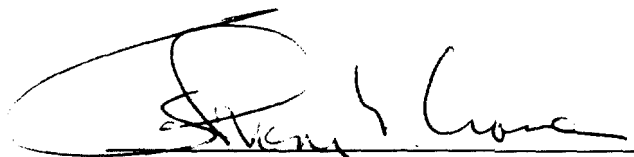
³⁷ 47 C.F.R. § 54.703(b) (1997).

³⁸ WTO Order at ¶ 4.

IV. CONCLUSION

As shown above, the Commission should partially waive Section 54.703 of its Rules to allow the Gateway Affiliates to exclude from their Universal Service contribution base revenues derived from providing services which originate in foreign points and terminate in the U.S., retroactive to January 1, 1998. In the alternative, the Commission should clarify its Rules to allow carriers to exclude from their contribution base foreign billed revenues for calls which originate in foreign points and terminate in the U.S. Pursuant to the relief requested, the Gateway Affiliates would include in their Universal Service contribution bases domestic interstate revenues and U.S. originating international revenues.

Respectfully submitted,



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